

HOUSING ELEMENT

General Overview

Why Housing?

Unlike some of the other required elements of a comprehensive plan, the purpose of a housing element may not be readily apparent. This is because local governments are not seen as housing developers and builders.

Yet, local governmental units do finance and develop certain types of housing when it is needed to meet an unmet need. And most importantly, local governmental units do directly influence the provision of decent and affordable housing through the land use regulations and development standards they adopt and the type of services they provide. For example, the land use element of this Plan will control what types of housing units (single-family / multi-family) are constructed and at what density. In addition, transportation and public utility plans can certainly affect the timing of residential development. Therefore, it will be necessary to ensure that each of the elements in this Plan form a consistent framework and support each other where they overlap.

Background Issues

Affordable and decent housing has long been considered a basic element of one's quality of life. Yet it is not always possible to find housing that is both decent and affordable¹. The lack of affordable housing is an issue that exists even in times of relative economic prosperity.



According to a recent study of housing in the United States, finding affordable housing is a growing problem for many families, especially renters as illustrated by the following:

- The number of affordable rental units decreased 5 percent from 1991 to 1997.
- Rents increased at two times the rate of inflation from 1997 to 1998.
- The number of renters at or below 30 percent of the median income continues to increase.

According to another study of housing in Wisconsin, a worker earning the federal minimum wage of \$5.15 per hour would have to work 81 hours per week in order to afford a two-bedroom unit with a rent of \$543. Put another way, a worker would have to earn \$10.44 per hour

for a 40-hour week to afford that unit. Based on state-wide data collected in the 1990 census, more than 17 percent of homeowners and more than 36 percent of renters paid more than 30 percent of their income on housing. The bottom line is that the lack of affordable housing extends to all corners of Wisconsin.

Objective of Element

The intent of this element is to provide basic information on the housing stock in the community, analyze trends and identify potential problems and opportunities so that taken as a whole, this Plan will accommodate the varied housing needs of current and new residents (Exhibit D-1).

¹ A dwelling unit is considered affordable if it costs no more than 30 percent of the total household income.

Another important product of this element is the projections for the number of additional households that will form over the next 20 years. These projections will then be used in the Land Use Element to determine the amount of land that should be allocated for residential purposes.

Exhibit D-1. Basic Objectives of the Housing Element

- Assess local housing conditions.
- Understand the local housing market to assess whether housing needs are being met.
- Understand the various roles in the housing delivery system and the community's role in it.
- Review various state and federal housing programs.
- Project how many new households will be added over the next 20 years.
- Identify problems and opportunities.
- Develop goals and objectives that will accommodate the needs of current and future residents.

Existing Conditions

Types of Housing Units

In 1990, there were 1,158 housing units in the Town (Table D-1). Single-family units accounted for nearly 94 percent of the total, which is a substantially higher percentage than for the state and county (67.7 and 57.4 percent, respectively). Duplex units accounted for the second most common type of housing in the Town, accounting for about 4 percent of the total, followed by mobile homes with 1.9 percent. There were no multi-family units within the Town in 1990.

Occupancy Status

The number of dwelling units that are available for rent or purchase in a community can represent the difference between a community with intense pressure for housing and inflated housing costs and a community in decline with abandoned homes. The supply of available dwelling units must be sufficient to allow for the formation of new households within the existing population, absorb in-migration of new households and permit existing households to reform because of a change in size or status. If the supply is insufficient, it is likely that housing costs will rise making it more difficult to find affordable housing for many residents.

The general rule is that the overall vacancy rate should not exceed three percent (1.5 percent for owned units and 4.5 percent for rentals). At this rate, there is generally enough dwelling units to maintain adequate housing choice among consumers.

Of the 1,158 housing units in the Town in 1990, over 98 percent were occupied, which is slightly higher than for all of Dane County and substantially higher than the state (Table D-2). Based on current market conditions, it seems the occupancy rate, is about what it was in 1990.

Table D-1. Housing Units by Type: 1990

Housing Type	Town of Cottage Grove		Dane County	Wisconsin
	Number	Percent	Percent	Percent
Single-Family	1,087	93.9	57.4	67.7
Duplex	47	4.1	6.5	9.6
Multi-Family	0	0	33.8	16.4
Mobile Home	22	1.9	1.6	4.9
Other	2	0.1	0.7	1.4
Total	1,158	100.0	100.0	100.0

Source: Census of Population and Housing (Summary Tape 1A)

Table D-2. Occupancy and Vacancy Status: 1990

	Town of Cottage Grove		Dane County	Wisconsin
	Number	Percent	Percent	Percent
Occupied Units	1,141	98.5	96.6	88.6
Unoccupied	17	1.5	3.4	11.4
Total	1,158	100.0	100.0	100.0
Status of Unoccupied Units				
For Rent	3	17.6	48.1	12.8
For Sale	10	58.9	12.2	6.3
For Occasional Use	3	17.6	16.3	64.4
For Migrant Workers	0	0	<0.1	0.1
Others	1	5.9	23.4	16.4
Total	17	100.0	100.0	100.0

Source: US Census of Population and Housing (Summary Tape File 1A)

Of the housing units that were vacant in 1990, most of them were for sale or rent (Table D-2). Only three of the units were not the primary residence of the occupant (recreational, seasonal, or occasional use).

Housing Tenure

During 1990, over 88 percent of the occupied housing units in the Town were owner-occupied (Table D-3). This rate was significantly higher than the ownership rate in Dane County and Wisconsin. Nationally, the homeownership rate in 1990 was about 64 percent. The comparatively low home ownership rate in Dane County is due in large part to the large number of rental units in Madison for the college student population.

Based on the results of the Community Survey, homeownership is much higher now than in 1990. Since 1990, homeownership has risen by some 11 percentage points. Much of this increase can be attributed to comparatively low interest rates and a strong state and national economy during the 1990's.

Table D-3. Occupied Housing Units by Tenure: 1990

Tenure	Town of Cottage Grove		Dane County	Wisconsin
	Number	Percent	Percent	Percent
Owner-Occupied	1,005	88.1	55.2	66.7
Renter-Occupied	136	11.9	44.8	33.3
Total	1,141	100.0	100.0	100.0

Source: US Census of Population and Housing (Summary Tape File 1A)

Household² Size

The number of people living in a dwelling unit has implications for the number of housing units that may be needed. Even if the population were to remain stable, the declining trend in household size would suggest that more housing units will be needed to accommodate the same population.

Nationally, the average number of individuals living in a dwelling unit has been declining for the last 30 years. In Wisconsin, the average household size between 1970 and 1990 declined from 3.22 to 2.61, representing a decline of 19 percent.

Many factors have contributed to this trend, including: increasing number of single-parent homes, decreasing number of children per household and increasing life expectancy, especially for females. Although the decline in household size has been fairly steady for several decades, it

² A household consists of an individual or individuals living together in a dwelling unit. Some households consist of one person, a traditional family, unrelated individuals, or any combination of families and individuals.

is anticipated that the downward trend will moderate in the future and remain somewhat stable.

During 1990, the average household size was 3.11 in the Town, compared to 2.46 for all of Dane County and 2.61 for the State (Table D-4). Not only does the Town have a larger household size, but it is declining much slower (-5.2 percent) over the last ten years than what happened across the state (-6.0 percent) and Dane County (-20.4 percent).

Table D-4. Average Household Size: 1980 and 1990

	1980	1990	Percent Change 1980 to 1990
Town of Cottage Grove	3.28	3.11	-5.2
Dane County	3.09	2.46	-20.4
Wisconsin	2.77	2.61	-6.0

Source: US Census of Population and Housing (Summary Tape File 1A)

Age of Housing Stock

The age of the housing stock in a community is one measure of quality, although one must not assume that as the age of a home increases, its quality declines as well. Age of a building only suggests that as a home gets older it may be necessary to spend more time and money on upkeep and maintenance.

Table D-5. Year of Construction

Year Constructed	Town of Cottage Grove		Dane County	Wisconsin
	Number	Percent	Percent	Percent
1980 to 1990	288	24.9	18.7	14.5
1970 to 1979	478	41.3	23.7	21.1
1960 to 1969	155	13.4	18.4	14.0
1950 to 1959	76	6.5	12.9	13.5
1940 to 1949	0	0	6.8	8.4
Prior to 1940	161	13.9	19.5	28.5
Total	1,158	100.0	100.0	100.0

Source: US Census of Population and Housing (Summary Tape File 3A)

If basic maintenance is not done on a continual basis, older homes will soon become a liability rather than an asset. The costs of maintenance can be especially burdensome on low-income households who may not have the necessary resources.

In addition, some of the older homes that become substantially substandard, will be torn down or abandoned and must be replaced to maintain the same number of units in the housing stock.

As shown in Table D-5, the bulk of housing in the Town (66.2 percent) was constructed between 1970 and 1980. About 13 percent of the housing units were constructed between 1960 and 1969 and 13 percent before 1940. Very few homes were constructed from 1940 to 1960. As one looks at the data, we can see how the Town has been transformed from an agricultural area with homes on individual farmsteads to an agricultural area with a strong bedroom community component.

As shown in Table D-6, the median year of construction was 1974, which is significantly newer than all of Dane County and the State.

Table D-6. Median Year When Constructed: 1990

	Median Age
Town of Cottage Grove	1974
Dane County	1966
Wisconsin	1960

Source: US Census of Population and Housing
(Summary Tape File 3A)

Residential Construction

Over the last 11 years, single-family homes were the predominant type of housing added to the housing stock (Table D-7). Few duplexes were constructed and no multi-family units were added. Most of the construction activity during this period occurred from 1990 to 1994. Over the last four years, nine single-family units have been constructed on average.

Housing Affordability

As briefly mentioned earlier, housing affordability is a problem that affects many low- and moderate-income residents throughout Wisconsin. To gauge the affordability of owner-occupied homes in 2000, five representative home sales in the Town were analyzed to determine how many current households in the Town could afford to purchase and live in that house. The selected houses are described in Table D-8 along with monthly housing costs for a mortgage payment, property taxes, homeowners insurance and utilities.

Table D-7. New Residential Construction: 1990 to 2000

Year	Single-Family	Duplexes/Units	Multi-Family
1990	36	0	0
1991	31	0	0
1992	37	4/8	0
1993	32	3/6	0
1994	26	0	0
1995	12	0	0
1996	19	0	0
1997	9	0	0
1998	9	0	0
1999	11	0	0
2000	8	0	0
Total	230	7/14	0

Source: Town of Cottage Grove

Table D-8. Housing Costs for Selected Single-Family Detached Homes: 2000

ID	Description	Sales Price	Monthly Mortgage Payment ¹	Monthly Property Taxes	Total Monthly Housing Cost ²
1.	4 bedrooms, 10 years old, 0.5 acres	\$134,000	\$787	\$249	\$1,136
2.	3 bedrooms, 20 years old, 0.9 acres	143,000	839	278	1,217
3.	3 bedrooms, 25 years old, 0.95 acres	157,000	922	259	1,281
4.	4 bedrooms, 11 years old, 0.9 acres	171,000	1,004	299	1,403
5	4 bedrooms, 11 years old, 0.95 acres	190,000	1,115	353	1,568

¹ Assumes a 30-year fixed mortgage, a 20 percent down-payment, with an 8 percent interest rate.

² Includes \$75 for energy and \$25 for insurance

These monthly housing costs are then compared to various categories of residents based on their monthly incomes and household size (Table D-10). Also listed is number of households that fall within each income category, as estimated from the results of the 2000 Community Survey (Appendix C).

As shown, 29 percent of the existing households in the Town could not afford the first house or the second house. About one-third of the households could not afford home 3, 4, or 5.

Table D-9. Housing Affordability Analysis by Family Size and Income: 2000

Percent of Households in Income Category ¹	30% of Monthly Income ²	Home ³				
		#1	#2	#3	#4	#5
3.1	1 person LI = \$560					
6.1	2 persons LI = \$640					
1.4	3 persons LI = \$720					
1.1	4 persons LI = \$800					
0.7	5 persons LI = \$864					
2.7	1 person MI = \$879	28.9 Percent Couldn't Afford This House	28.9 Percent Couldn't Afford this House	32.5 Percent Couldn't Afford this House	34.4 Percent Couldn't Afford this House	34.4 Percent Couldn't Afford this House.
0.3	6 persons LI = \$928					
0.1	7 persons LI = \$992					
9.4	2 persons MI = \$1,004					
0	8 persons LI = \$1,056					
4.0	3 persons MI = \$1,130					
3.6	4 persons MI = \$1,255	X	X			
1.9	5 persons MI = \$1,355	X	X	X		
0	6 persons MI = \$1,456	X	X	X	X	
0	7 persons MI = \$1,556	X	X	X	X	
0.3	8 persons MI = \$1,656	X	X	X	X	X

1. Estimates based on the results of the Community Survey (Appendix C)

2. LI stands for Low Income and MI stands for Moderate Income

3. Homes refer to those listed in Table D-8.

Special Housing Needs

As the age of the population grows disproportionately older, the special housing needs of the elderly must be an important part of a community's commitment to provide appropriate housing options for all of its residents. The availability of special facilities is especially important to residents who want to stay in the community they are most familiar with and remain near family and friends.

The Wisconsin Department of Health and Family Services (DHFS), Division of Supportive Living licenses a number of residential settings for the elderly along with facilities for the physically and developmentally disabled. Table D-10 lists various residential settings and the total capacity in the Town and also in the Village and Dane County. It should be noted that most of these facilities are filled to capacity and maintain waiting lists.

There are no facilities for the identified special need populations in the Town. There are two Community Based Residential Facilities in the Village with a total capacity of 35 people. Most of the facilities are located primarily in the Madison area with a few in some of the larger outlying communities.

Table D-10. Special Needs Housing; Town of Cottage Grove and Dane County: 2000

Facility Type	Description	Capacity		
		Town of Cottage Grove	Village of Cottage Grove	Dane County
Adult Family Homes (AFH) (Licensed by the State)	A place where 3 or 4 adults receive care, treatment or services (above the level of room and board) and that may include up to 7 hours per week of nursing care per resident.	0	0	60
Adult Family Homes (AFH) (Licensed by the County)	A place where 1 or 2 adults receive care, treatment or service (above the level of room and board) and that may include up to 7 hours per week of nursing care per resident.	0	0	105
Community Based Residential Facility (CBRF)	A place where 5 or more unrelated people live together in a community setting. Services provided include room and board, supervision, support services and may include up to 3 hours of nursing care per week.	0	35	1,720
Facility for the Developmentally Disabled (FDD)	A residential facility for three or more unrelated persons with development disabilities	0	0	481
Nursing Home	A residential facility that provides 24-hour services, including room and board to 3 or more unrelated persons. These persons require more than 7 hours a week of nursing care.	0	0	2,091
Residential Care Apartment Complex (RCAC)	Independent apartment units in which the following services are provided: room and board, up to 28 hours per week of supportive care, personal care and nursing services.	0	0	303

Source: Wisconsin Department of Health and Family Services, Division of Supportive Living

Review of Existing Federal and State Housing Programs

As a result of a number of unmet housing needs, various governmental and non-governmental efforts have developed over the years. These programs are intended to help provide decent and affordable housing, especially for low- and moderate-income persons, or persons with special housing needs (physically disabled, developmentally disabled, homeless and elderly). Exhibit D-2 is a summary of some available federal and state housing programs. It should be noted that this information is general and intended to show the range of options and available resources. Each of the programs has certain limitations and procedures for providing assistance.

In 1998, the Town along with 42 other communities entered into an agreement with Dane County that created the Dane County Housing Development Fund. Funds are loaned to housing developers that build housing for low- and moderate-income residents in the participating municipalities. The fund is capitalized on an annual basis with 20 percent of the amount allocated to Dane County through the Community Development Block Grant

allocation. In FY 2001, the fund is capitalized at \$670,000 with future appropriations of \$400,000 through 2003.

Exhibit D-2. Summary of Selected Federal and State Housing Programs and Revenue Sources

<p>Wisconsin Department of Administration, Division of Housing and Intergovernmental Relations (DHIR)</p> <p>Local Housing Organization Grant (LHOG) Program. Provides funds, with a one to one match, to housing authorities, Indian tribes and non-profit housing organizations to improve their capacity to provide affordable housing for low-income persons.</p> <p>Low-Income Weatherization Program. Provides funds through local weatherization programs for units occupied by low-income persons.</p> <p>Rental Rehabilitation Program (RRP). Provides funds to owners of rental housing for repairs and improvements. Funded by HUD Home Investment Partnership Program.</p>
<p>Federal Home Loan Bank of Chicago</p> <p>Affordable Housing Program (AHP). Provides loans or grants to not-for-profit organizations or public entities to finance the purchase, construction, or rehabilitation of affordable rental housing.</p> <p>Community Investment Program (CIP). Provides funds at below-market interest rate advances for financing the purchase or rehabilitation of rental housing.</p>
<p>U.S. Department of Housing and Urban Development (HUD)</p> <p>Section 202/811. Provides capital advances under an annual competition to non-profit organizations for rehabilitation or construction of affordable multi-family rental and co-op housing for elderly persons and persons with disabilities.</p> <p>Multi-Family FHA Mortgage Insurance. Provides federal mortgage insurance for private lenders to finance construction or rehabilitation of multi-family properties, nursing homes, intermediate care facilities, or board and care homes.</p>
<p>Wisconsin Housing and Economic Development Authority (WHEDA)</p> <p>Affordable Housing Tax Credit Program. Provides federal income tax credits for construction, rehabilitation and preservation of affordable rental housing.</p> <p>Blueprint Loan. Provides short-term financing for front-end costs associated with creating multi-family housing under federal, state and local programs.</p> <p>Foundation Grant. Provides grant funds to non-profit sponsors to help meet the housing needs of low- and moderate-income elderly, disabled, or person in crisis.</p> <p>Housing Improvement Loan Program (HILP). Provides mortgage loan funds for rehabilitation and improvements for one- to four-unit owner-occupied dwellings.</p> <p>Multi-Family Homeless Mortgage Loan. Provides non-recourse mortgage loans for projects benefiting individuals or families who are currently homeless or in danger of becoming homeless.</p> <p>Multi-Family Taxable Revenue Bond Loan. Provides long-term, non-recourse mortgage loans through the sale of taxable bonds. Commonly used by developers of tax credit projects.</p> <p>Multi-Family Tax-Exempt Revenue Bond Loan. Provides construction and long-term financing for new construction, purchase or rehabilitation of existing buildings for multi-family rental housing.</p>

Source: 2000 Consolidated Plan

Compile by: Mid-America Planning Services, Inc.

Review of Local Efforts

To date the Town has not participated in an effort to expand the number of affordable housing units. As previously noted, it can work with a developer to apply for funding through the Dane County Housing Development Fund to encourage the provision of more affordable housing.

Selected areas of the Town could also be designated for higher residential densities as a way to encourage more affordable housing.

Future Housing Needs

Based on the overall intent of this Plan, the population of the Town over the next 20 years is expected to increase at an annual rate of 0.8 percent, resulting in a total increase of some 663 residents (Table D-11). To project the number of households over the next 20 years, these population projections were divided by the anticipated average household size for that time period. For the purpose of this Plan, it is anticipated that the average household size will continue to fall, but at a slower rate than in the past, to about 2.41 persons by 2020.

Exhibit D-3. Factors Affecting the Number of Households

Change in Population (+ or -)
Change in Average Household Size (+ or -)

Given the anticipated decrease in household size, the number of households will consequently grow disproportionately faster than the population increase.

By 2020, the number of households in the Town should approach 1,868. Between 2000 and 2020, a total of 301 new households will form, or on average about 75 in each of the five-year increments.

Exhibit D-4. Factors Affecting the Number of Housing Units

Change in Households (+ or -)
Change in Vacancy Rate (+ or -)
Number of Residential Units Lost from Housing Stock

As the number of households in a community rises, so to the number of housing units should increase. The number of dwelling units available should exceed the number of households in that a certain percentage of the units will be vacant at any point in time. A reasonable vacancy rate allows consumers a choice when

newcomers move into an area and when residents create new households or decide to move within the community due to a change in household status, housing requirements, or lifestyle. In addition, more housing units will need to be constructed to replace housing units that are destroyed, demolished, or converted to non-residential uses.

The number of housing units was calculated by applying a vacancy rate to the projected number of households for each of the time periods. For the purpose of this Plan, it is assumed that the occupancy rate will hold fairly steady at about 95 percent over the next 20 years. Although it is likely that some of the existing housing units will be taken out of the housing stock, this amount will likely be insignificant and was not factored in the projections. Over the next 20 years about 317 new housing units will need to be added to accommodate the growth rate of 0.8 percent.

Table D-11. Projections for Population, Households, and Housing Units: 2000 to 2020

	Year	Population ¹	Households ²	Housing Units ³
Total Number	2000	3,839	1,567	1,649
	2005	3,995	1,637	1,723
	2010	4,157	1,711	1,801
	2015	4,326	1,788	1,882
	2020	4,502	1,868	1,996
Number Added During Period	2000 to 2005	156	70	74
	2005 to 2010	162	74	78
	2010 to 2015	169	77	81
	2015 to 2020	176	80	84
	2000 to 2020	663	301	317

Notes:

1 Population is based on a growth rate of 0.8 percent each year.

2 The number of households is calculated by dividing the population by the average household size for that time period. It is assumed that the household size will decrease from 2.45 in 2000 to 2.41 in 2020.

3 The number of housing units is calculated by applying a vacancy rate. It is assumed that the vacancy rate will be 95 percent throughout the planning period. It is further assumed that no existing housing units will be lost from the housing stock due to fire, demolition, or conversion to other non-residential uses.

Goals, Objectives, Policies, and Recommendations

The goals, objectives, policies and recommendations for this element are found in Chapter B.